

**Pennsylvania's State System of Higher Education
Tax Procedures for University Operations**

**Tax Procedure 2015-1
State System Tax Exemption Status and Filing Requirements**

Approved by: _____


Vice Chancellor for Administration and Finance

Date: _____ November 2, 2015

History:

Revised:

Additional History:

Related Policies, Procedures, or Standards: N/A

References: [Commonwealth of Pennsylvania Act 188 of 1982](#); Internal Revenue Service (IRS) Instructions for Form 990, *Return of Organization Exempt From Income Tax*; IRS Instructions for Form 990-T, *Exempt Organization Business Income Tax Return*; IRS Publication 598, *Tax on Unrelated Business Income of Exempt Organizations*; [IRS Code Section 170](#)

All references to "university" or "universities" in this document apply to the 14 State System universities, all branch campuses, and the Office of the Chancellor.

I. Background and Summary

- A. Pennsylvania's State System of Higher Education (State System) is a body corporate and politic, created by the Commonwealth of Pennsylvania's State System of Higher Education Act of November 12, 1982, P.L. 660, No. 188, as amended ([Act 188](#)).
- B. The State System is an instrumentality of the Commonwealth of Pennsylvania.
- C. For financial reporting purposes, the State System is a component unit of the Commonwealth of Pennsylvania as defined by the Governmental Accounting Standards Board (GASB).
- D. As an instrumentality of the Commonwealth of Pennsylvania, the State System is exempt from federal income taxes under section 115(a) of the Internal Revenue Code.
- E. The universities are **not** IRS 501(c)(3) corporations, and neither is the State System as a whole.
- F. Donors may deduct contributions to State System universities as provided by [Section 170](#) of the Internal Revenue Code.
- G. Each university has its own IRS Employer Identification Number (EIN) as follows:

Bloomsburg	23-2738930	Lock Haven	23-2442881
California	25-1508140	Mansfield	25-1538424
Cheyney	23-2478688	Millersville	23-2397926
Clarion	25-1474927	Shippensburg	23-2500361
East Stroudsburg	23-2504462	Slippery Rock	25-1513539
Edinboro	25-1575573	West Chester	23-2417773
Indiana	25-1470695	Office of the Chancellor	23-2250505
Kutztown	23-2710197	State System Payroll	25-1690694

II. State System Procedures

A. Requests from Donors for University's Tax-Exempt Number. When a donor requests a university's "tax exempt number," the donor can be given a copy of the two letters, dated January 1979, attached to this document.

B. Annual Tax Filing Requirements

1. Universities are not required to annually file IRS Form 990, *Return of Organization Exempt From Income Tax*, as the State System is considered a state institution whose income is excluded from gross income under Section 115. (IRS Form 990, Section B., "Organizations Not Required to File Form 990 or 990-EZ.")
2. Universities may be required to annually file IRS Form 990-T, *Exempt Organization Business Income Tax Return*. Universities should review the instructions for IRS Form 990-T, as well as IRS Publication 598, *Tax on Unrelated Business Income of Exempt Organizations*, to determine filing requirements. Consultation with outside legal or accounting firms also may be appropriate.
3. There are no requirements for universities to annually file income tax returns with the Commonwealth of Pennsylvania.
4. The State System payroll accounting office files all federal, state, and local payroll tax returns on behalf of the universities in accordance with all filing and deposit requirements. Universities are not required to and should not file any payroll tax returns.



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF EDUCATION

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January 23, 1979

Regional Legal Counsel for:
California State College
Clarion State College
Edinboro State College
Slippery Rock State College
Indiana University of Pennsylv.

RECEIVED
EDUCATION

JAN 25 1979

COMPTROLLER, P&E

TO: Presidents McNerney, Park, Sommers,
Watkins and Ganley

RE: Exemption of State Colleges and University,
and the Department of Education from Federal
Income Taxation. Deduction of Contributions.

FROM: Jack E. Solomon

This office has received many inquiries from the State Colleges and University as to what response should be made to prospective donors of gifts and grants who request the institution's "Tax Exempt Number".

Attached is a copy of a letter to me from the District Director of the United States Internal Revenue Service (dated January 19, 1979). Since we are instrumentalities of the government of the State of Pennsylvania, we are, as set forth in the letter, exempt and donors may deduct contributions made out to a State College or University, or to the Department of Education.

In the event of any further inquiries from donors as to our tax exempt status, a copy of this letter and the attached letter should provide an adequate response. Please provide your Business Managers with copies of these letters.

JES/bw
Attachment

cc: ✓ John J. Windish
Patricia A. Donovan
Millersville Legal Office (2)

Copies to: Mr. McLaughlin
Mr. J. Evans
Mr. Blough
Mr. Brown

Internal Revenue Service

District
Director

Department of the Treasury

P. O. Box 959
Scranton, PA 18501

JAN 23 1979

Person to Contact:

E. O. Determination Section

Telephone Number:

(717) 342-3141

Refer Reply to:

EO:7212:AG(CORRES)

Date:

JAN 1, 1979

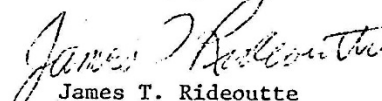
Jack E. Solomon, Assistant
Attorney General
Department of Education
1400 Allegheny Building
Pittsburg, PA 15212

Dear Mr. Solomon:

This refers to your telephone inquiry regarding the exempt status of the Pennsylvania Department of Education. If you are an instrumentality of the State or Municipal government, you are exempt as such under section 115(a) of the Internal Revenue Code.

Donors may deduct contributions to you as provided by section 170 of the Code.

Sincerely yours,


James T. Rideoutte
District Director